

AGENCY ESTIMATE  
OF THE FISCAL IMPACT OF IMPLEMENTING  
**HB 72 2011 General Session**

**Taxes and Related School Funding Provisions Amendments**

**Sponsor:** Representative Michael E. Noel

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**A. Short Form** (For bills that have no impact on the state, local governments, businesses, or individuals.)

If you can check all five boxes to the right, you're almost done. If the bill obviously doesn't have an impact, you're done.

- |                          |   |
|--------------------------|---|
| <input type="checkbox"/> | State agencies will not require an appropriation to implement the bill. |
| <input type="checkbox"/> | There is no fiscal impact on local governments.                         |
| <input type="checkbox"/> | There is no fiscal impact on businesses.                                |
| <input type="checkbox"/> | There is no fiscal impact on individuals.                               |
| <input type="checkbox"/> | The bill will not affect revenues.                                      |

If it isn't so obvious, explain what's going on. The most usual explanation is the codification of existing practices.

If necessary, explain why this bill has no fiscal impact.

Attachments welcome.

**B. What parts of the bill cause fiscal impact?**

Cite specific sections or line numbers.

Lines 3294-3297 allocates 7.5% of the state sales and use taxes to the School Equalization Fund beginning on July 1, 2012. Lines 522-533 states the distribution of those funds to the school districts.

**C. Which program gets the appropriation?**

Enter 3 letter Appropriation Unit Code.

**For multiple appropriations**

This is  of

**D. Work Notes: Assumptions, calculations & what are we buying?**

Explain the fiscal impact in plain English, detailing your assumptions, methods, & calculations.

List all direct costs. Identify one-time and ongoing costs. Detail FTE impacts.

Do not say, "\$50,000 in Current Expense." Be very specific about what this \$50,000 will buy.

Attachments encouraged.

Beginning in Fiscal Year 2013, 7.5% of the state sales and use tax revenue will be deposited in the School Equalization Fund and distributed to school districts with 75% distributed in proportion to each school district's percentage of statewide enrollment and 25% distributed by the school district's percentage of the combined total three-year average enrollment growth. According to the Utah State Tax Commission's projections that would amount to \$147,420,800 to be distributed in the fiscal year 2013. For the 2012 tax year, the certified tax rate of each school district shall be decreased by the amount necessary to reduce revenues for that school district by the projected amount of the allocation that the State Board of Education will make to that school district for FY 2013. The calculations on the tab titled District (see tab titled "Section D Continued" in this file)

## E. REVENUES

Select Fund	Current Budget Year FY 2011	Coming Budget Year FY 2012	Future Budget Year FY 2013
Education Fund			147,420,800
<b>Total</b>	<b>0</b>	<b>0</b>	<b>147,420,800</b>

## F. COSTS by FUND

Select Fund	Current Budget Year FY 2011	Coming Budget Year FY 2012	Future Budget Year FY 2013
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

## G. COSTS by EXPENDITURE CATEGORY.

Expenses by Category	Current Budget Year FY 2011	Coming Budget Year FY 2012	Future Budget Year FY 2013
Personal Services			
Travel			
Current Expense			
DP Current Expense			
DP Capital Outlay			
Capital Outlay			
Other/Pass Thru			
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

## H. Non-State Impacts

Your estimate of how will the bill affect:

### Local Governments

### Businesses

### Individuals

For the 2012 tax year, the certified tax rate of each school district shall be decreased by the amount necessary to reduce revenues for that school district by the projected amount of the allocation that the State Board of Education will make to that school district under the School Equalization Program. School Districts are prohibited in going through Truth In Taxation for FY 2013, but thereafter, may go through that process to increase their tax rates. Hence, there could be tax increases for local governments, businesses, and individuals.

Beginning in Fiscal Year 2013, 7.5% of the state sales and use tax revenue will be deposited in the School Equalization Fund and distributed to school districts with 75% distributed in proportion to each school district's percentage of statewide enrollment and 25% distributed by the school district's percentage of the combined total three-year average enrollment growth. According to the Utah State Tax Commission's projections, that would amount to \$147,420,800 to be distributed in fiscal year 2013. For the 2012 tax year, the certified tax rate of each school district shall be decreased by the amount necessary to reduce revenues for that school district by the projected amount of the allocation that the State Board of Education will make to that school district for FY 2013. The calculations on the tab titled "School Equalization Calculation" in this file is an estimate of how much the school districts would have to reduce their certified tax rate for FY13. The enrollment data and the total tax rates are the most current data we have from the school districts. School districts shall first use the funds to reduce and replace property taxes imposed for capital outlay and if property taxes imposed for capital outlay are fully reduced in accordance with the distribution above, the school district shall first use the funds in place of property tax levies for debt service, voted capital outlay levy, voted leeway, board leeway, ten percent of basic, tort liability and then may use the funds for any capital outlay or general fund purpose. The USOE would have to calculate how much each school district would receive from the School Equalization Fund before April 1, 2012, for two reasons: (1) to get that data to the Property Tax Division of the Tax Commission per HB 72; and (2) so the district would know how much to reduce their appropriate tax rate(s) for the following fiscal year.

					Current Total School Property Tax								FY12 Estimated Basic Rate	
					\$1,290,067,744		\$147,420,800							
District	Estimated assessed value	FY12 Projected District Enrollment	District Growth (3 yr avg)	FY12 Total WPUs	TOTAL		FY13 Estimated School Equalization Funding		Actual Enrollment Counts		Total School Equalization Fund Distribtion	Reduction in Tax Rate	0.001628	
	\$185,311,183,489	544,798	8,065	710,224	FY2010-2011 Rate	Estimated Revenue	Distribution Based on 75% Enrollment Current Year	Distribution based on 25% 3-year Average Enrollment Growth	FY 2010 Statewide Enrollment Current Year	25% 3-year Average Enrollment Growth			Existing Tax Rate Minus Rate Reduction	Is Any District Below FY12's Estimated Basic Rate
1 Alpine	\$14,816,747,257	68,205	2,742	85,249	0.008220	\$121,793,662	13,447,199	\$12,532,352	64,351	2,742	25,979,551	0.001753	0.006467	N
2 Beaver	1,077,309,743	1,505	12	2,471	0.006583	7,091,930	334,346	54,840	1,600	12	389,186	0.000361	0.006222	N
3 Box Elder	2,843,004,243	11,313	121	14,900	0.007980	22,687,174	2,309,497	552,965	11,052	121	2,862,462	0.001007	0.006973	N
4 Cache	3,347,285,368	15,925	397	20,558	0.006464	21,636,853	3,117,152	1,814,274	14,917	397	4,931,426	0.001473	0.004991	N
5 Carbon	2,156,359,557	3,475	0	5,101	0.006300	13,585,065	723,442	-	3,462	-	723,442	0.000335	0.005965	N
6 Daggett	259,697,695	214	0	668	0.004287	1,113,324	30,718	-	147	-	30,718	0.000118	0.004169	N
7 Davis	16,144,253,990	66,579	836	84,530	0.007860	126,893,836	13,677,271	3,822,009	65,452	836	17,499,280	0.001084	0.006776	N
8 Duchesne	1,665,019,069	4,478	151	6,616	0.007677	12,782,351	926,975	691,587	4,436	151	1,618,562	0.000972	0.006705	N
9 Emery	1,830,522,710	2,409	0	3,830	0.005609	10,267,402	483,966	-	2,316	-	483,966	0.000264	0.005345	N
10 Garfield	592,577,772	930	0	2,172	0.006109	3,620,058	194,548	-	931	-	194,548	0.000328	0.005781	N
11 Grand	1,229,757,760	1,545	9	2,269	0.006231	7,662,621	318,883	39,606	1,526	9	358,489	0.000292	0.005939	N
12 Granite	20,947,187,032	68,922	0	86,819	0.006434	134,774,201	14,237,092	-	68,131	-	14,237,092	0.000680	0.005754	N
13 Iron	3,349,343,203	8,527	0	11,586	0.006793	22,752,088	1,748,004	-	8,365	-	1,748,004	0.000522	0.006271	N
14 Jordan	14,979,407,239	49,661	1,029	63,317	0.006485	97,141,456	10,116,274	4,700,965	48,411	1,029	14,817,239	0.000989	0.005496	N
15 Juab	716,103,178	2,323	58	3,080	0.007930	5,678,698	468,921	263,534	2,244	58	732,455	0.001023	0.006907	N
16 Kane	1,358,035,716	1,162	2	2,498	0.004606	6,255,113	249,506	9,140	1,194	2	258,646	0.000190	0.004416	N
17 Millard	1,854,056,916	2,840	0	4,353	0.005892	10,924,103	589,285	-	2,820	-	589,285	0.000318	0.005574	N
18 Morgan	892,191,717	2,542	85	3,229	0.006358	5,672,555	488,564	388,447	2,338	85	877,010	0.000983	0.005375	N
19 Nebo	5,633,897,522	30,183	849	39,091	0.009173	51,679,742	5,909,989	3,881,419	28,282	849	9,791,407	0.001738	0.007435	N
20 No. Sanpe	637,176,411	2,501	0	3,459	0.006442	4,104,690	484,593	-	2,319	-	484,593	0.000761	0.005681	N
21 No. Summ	977,269,938	1,007	7	1,734	0.006290	6,147,028	209,593	33,513	1,003	7	243,106	0.000249	0.006041	N
22 Park City	10,782,358,860	4,453	76	5,845	0.004360	47,011,085	953,514	345,794	4,563	76	1,299,307	0.000121	0.004239	N
23 Piute	94,303,075	295	6	859	0.006885	649,277	68,541	27,420	328	6	95,961	0.001018	0.005867	N
24 Rich	783,773,430	528	7	1,162	0.004353	3,411,766	95,498	31,990	457	7	127,487	0.000163	0.004190	N
25 San Juan	845,026,075	2,871	25	4,923	0.008032	6,787,249	617,078	112,726	2,953	25	729,804	0.000864	0.007168	N
26 Sevier	1,294,189,810	4,614	49	6,805	0.006267	8,110,688	946,200	222,405	4,528	49	1,168,605	0.000903	0.005364	N
27 So. Sanpe	535,880,017	3,137	47	4,733	0.008625	4,621,965	632,123	214,788	3,025	47	846,912	0.001580	0.007045	N
28 So. Summ	1,420,044,131	1,483	21	2,140	0.006883	9,774,164	297,568	94,446	1,424	21	392,014	0.000276	0.006607	N
29 Tintic	29,933,149	222	0	771	0.009039	270,566	48,689	-	233	-	48,689	0.001627	0.007412	N
30 Tooele	2,826,061,862	13,713	224	18,183	0.008564	24,202,394	2,754,178	1,025,194	13,180	224	3,779,372	0.001337	0.007227	N
31 Uintah	4,573,470,165	6,922	234	9,093	0.006261	28,634,497	1,355,983	1,069,371	6,489	234	2,425,354	0.000530	0.005731	N
32 Wasatch	4,220,705,628	5,182	187	6,847	0.006468	27,299,524	1,036,265	854,582	4,959	187	1,890,847	0.000448	0.006020	N
33 Washingto	10,041,298,672	26,254	283	34,015	0.007804	78,362,295	5,266,372	1,294,822	25,202	283	6,561,194	0.000653	0.007151	N
34 Wayne	268,017,429	586	10	1,259	0.003694	990,056	117,230	45,700	561	10	162,930	0.000608	0.003086	N
35 Weber	7,634,674,738	30,925	412	41,077	0.006526	49,823,887	6,356,132	1,884,347	30,417	412	8,240,478	0.001079	0.005447	N
36 Salt Lake	15,276,283,971	24,280	0	31,514	0.006371	97,325,205	4,983,849	-	23,850	-	4,983,849	0.000326	0.006045	N
37 Ogden	2,971,241,730	12,646	30	16,199	0.008175	24,289,901	2,628,380	137,099	12,578	30	2,765,479	0.000931	0.007244	N
38 Provo	4,548,245,075	13,828	0	17,730	0.006706	30,500,531	2,766,924	-	13,241	-	2,766,924	0.000608	0.006098	N
39 Logan	1,767,893,744	6,336	101	7,981	0.007868	13,909,788	1,279,501	461,566	6,123	101	1,741,067	0.000985	0.006883	N
40 Murray	2,806,711,724	6,602	54	8,414	0.005929	16,640,994	1,361,416	248,301	6,515	54	1,609,717	0.000574	0.005355	N
42 Canyons	15,283,866,168	33,676	0	43,144	0.008060	123,187,961	6,934,342	-	33,184	-	6,934,342	0.000454	0.007606	N
Charters		46,278	12,112	55,531			110,565,600	36,855,200	529,107	\$8,065	147,420,800			

TAXES AND RELATED SCHOOL FUNDING PROVISIONS  
AMENDMENTS

Charter Schools:

- The district per pupil local revenues for the local replacement funding for charter schools will now include revenues from the School Equalization Fund;
- Expenditures will be used in calculating the per pupil amount for the local replacement funding rather than revenues from the debt service fund.

School Districts:

- For fiscal year 2012-13 a change in the certified tax rate for the Voted and Board Leeway tax rates applies for a period of six years following any such change in the certified tax rate.

- Defines School Equalization Fund (53A-21-602):

- This fund shall be funded by:

- sales and use tax revenues (deposited in accordance with 59-12-103);
    - legislative appropriations; and
    - any interest earned on the fund that is deposited into the fund.

- The State Board of Education shall distribute revenues in accordance with 53A-21-603;

- Beginning on or after July 1, 2012, the State Board of Education shall annually:

- distribute 75% of the funds to school district in proportion to each school district's percentage of statewide enrollment in the current year; and
    - distribute 25% of the available funds to school districts in proportion to each school district's percentage of the combined total of three-year average enrollment growth in all school districts with an increase in three-year average enrollment growth.

- In making allocations, the State Board of Education shall allocate funds in fiscal year 2012-13 only to the extent that the related certified tax rate reduction under 59-2-924.5 does not reduce a school district's certified tax rate below the **Minimum Basic tax rate** imposed under 53A-17a-135;

- The State Board of Education shall allocate any funds that are not allocated due to the above distribution to other school districts in accordance with the allocation methodology described above.

- A school district or charter school shall;

- First use the funds to reduce and replace property taxes imposed for capital outlay in accordance with 53A-16-107; and

•if property taxes imposed for capital outlay are fully reduced in accordance with the distribution above, the school district shall first use the funds in place of property tax levies imposed under Sections:

- 11-14-310 - Debt Service;
- 53A-16-110 - Voted Capital Outlay Leeway;
- 53A-17a-133 - Voted Leeway;
- 53A-17a-134 - Board Leeway;
- 53A-17a-145 - Ten Percent of Basic;
- 63G-7-704 - Tort Liability; and
- then may use the funds for any capital outlay or general fund purpose.

•By April 1, 2012, the State Board of Education shall notify the Tax Commission and each school district of projected allocations under this section for fiscal year 2012-13.

Other provisions of the bill:

• Uniform fee on aircraft, tangible personal property, certain vehicles, and motor homes will be distributed 45% to taxing entities that are not a school district and 55% to each school district in proportion to the school district's percentage of the total current year enrollment in all of the school districts within the county, as of October 1 enrollment counts.

• 59-2-924 and 59-2-924.5: For the taxable year beginning on January 2, 2012 and ending on December 31, 2012, a taxing entity may not levy a tax rate that exceeds its certified tax rate calculated in these sections.

- This may not be construed to limit the ability of a taxing entity to:
- submit a bond proposal to votes; or
- issue general obligation bonds previously approved by the taxing entity's voters.

• For the 2012 tax year, the certified tax rate of each school district shall be decreased by the amount necessary to reduce revenues for that school district by the projected amount of the allocation that the State Board of Education will make to that school district under the School Equalization Program – Allocations for fiscal year 2012-13.

• Adds food and food ingredients to the tax base for certain local option sales and use taxes.

• Beginning July 1, 2012, the Division of Finance shall deposit into the School Equalization Fund 7.5% of the revenues collected from the state sales and use taxes.

• Increases the state sales and use tax rate on food and food ingredients to the general state sales and use tax rate.